

Message Text

CONFIDENTIAL

PAGE 01 SAIGON 02867 01 OF 02 051006Z

12

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 (ISO) W

----- 119486

O 050800Z MAR 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 2303

INFO THE WHITE HOUSE IMMEDIATE

C O N F I D E N T I A L SECTION 1 OF 2 SAIGON 2867

EXDIS

EO 11652: GDS

TAGS: EAID VS

SUBJECT: VIETNAMESE ECONOMIC SITUATION AND AID REQUIREMENTS

1. I COMMEND SAIGON'S 2800 TO THE PARTICULAR ATTENTION OF THE SECRETARY AND THE ADMINISTRATOR OF AID. IT IS A SOBER, UNDRAMATIC, TOTALLY FACTUAL PRESENTATION OF THE CURRENT VIETNAMESE ECONOMIC SITUATION. IT HIGHLIGHTS THE FACT THE DECISION TO GO TO THE CONGRESS FOR A FY 75 AID LEVEL FOR VIET-NAM OF \$850 MILLION IS ESSENTIAL. THAT DECISION CAN ASSURE FINAL SUCCESS OF THE AMERICAN GOAL IN VIET-NAM - AMERICAN DEPARTURE LEAVING THE GVN AS A FREE AND INDEPENDENT COUNTRY, ECONOMICALLY VIABLE, FREE TO FOLLOW ITS OWN DESTINY UNDER LEADERSHIP ITS PEOPLE MAY FREELY CHOOSE, CAPABLE OF DEFENDING ITSELF AGAINST BOTH INTERNAL SUBVERSION AND EXTERNAL AGGRESSION.

2. AND THE EFFECT ON OUR POWER RELATIONSHIPS ELSEWHERE IN THE WORLD OF BEING ABLE TO WALK AWAY FROM SUCH A VIET-NAM WITH THE EVIDENCE OF AMERICAN COMMITMENTS FULLY DISCHARGED MAY WELL DETERMINE WHETHER OUR GRANDCHILDREN MAY LIVE IN A PEACEFUL WORLD OR ONE WHERE SENSELESS VIOLENCE WILL BE THE DAILY NORM. ONLY THOSE WHO ARE INCAPABLE OF UNDERSTANDING THE INTRICATE INTERPLAY OF THE BALANCE OF FORCES NOW LOOSE IN THE WORLD, OR THOSE WHO REFUSE TO THINK ABOUT THEM, WILL CONTEND THAT THE PRECEDING SENTENCE IS OTHER THAN A DISPASSIONATE STATEMENT OF A SIMPLE FACT.

3. ALEKSANDR SOLZHENITSYN'S COMMENTS ON PEACE AND VIOLENCE IN A LETTER PUBLISHED LAST FALL IN OSLO HAVE A PARTICULAR

CONFIDENTIAL

PAGE 02 SAIGON 02867 01 OF 02 051006Z

RELEVANCE:

" THE ERROR COMMITTED BY MAN IN HIS UNDERSTANDING OF THE MEANING OF 'PEACE' IS NOTHING BUT EMOTIONAL. I MEANT WHAT I SAID. THIS IS NOTHING UNUSUAL. WE OFTEN ERR NOT BECAUSE WE FIND IT HARD TO PERCEIVE THE TRUTH (IT IS OFTEN RIGHT THERE, AT THE SURFACE), BUT BECAUSE IT IS EASIER AND MORE PLEASANT TO BE GUIDED BY OUR FEELINGS, ESPECIALLY IF SELF-CENTERED.

THE TRUTH HAS LONG BEEN DEMONSTRATED AND PROVED AND EXPLAINED, AND YET IT HAS REMAINED WITHOUT ATTENTION OR SYMPATHY, LIKE ORWELL'S '1984,' BECAUSE OF A 'UNIVERSAL CONSPIRACY OF ADULATION' (IN THE AUTHOR'S OWN WORDS).

THE BESTIAL MASS KILLINGS IN HUE, THOUGH RELIABLY PROVED, WERE ONLY LIGHTLY NOTICED AND ALMOST IMMEDIATELY FORGIVEN BECAUSE THE SYMPATHY OF SOCIETY WAS ON THE OTHER SIDE, AND THE INERTIA COULD NOT BE DISTURBED.

IT WAS JUST TOO BAD THAT THE INFORMATION DID SEEP INTO THE FREE PRESS AND FOR A TIME (VERY BRIEFLY) CAUSE EMBARRASSMENT (JUST A TINY BIT) TO THE PASSIONATE DEFENDERS OF THAT OTHER SOCIAL SYSTEM."

4. PERHAPS THE EFFICACY AND PERVASIVENESS OF THE PROPAGANDA WITH WHICH WE HAVE BEEN FLOODED BY THOSE AMERICAN PUPPETS OF HANOI, BY THE "PASSIONATE DEFENDERS OF THAT OTHER SOCIAL SYSTEM" HAS SO CONDITIONED THE WASHINGTON BUREAUCRACY THAT WE DO NOT PERCEIVE THE TRUTH BECAUSE "IT IS EASIER AND MORE PLEASANT TO BE GUIDED BY OUR FEELINGS, ESPECIALLY IF SELF-CENTERED." IF SO, THERE IS REAL REASON TO FEAR, NOT SO MUCH FOR VIET-NAM AS FOR OURSELVES.

5. THIS FLOOD OF PROPAGANDA HAS ALMOST TOTALLY OBSCURED THE FACT THAT ENORMOUS CHANGES HAVE TAKEN PLACE HERE IN THE PAST YEAR:

A. IT IS NOW MY OBJECTIVE CONCLUSION THAT THE RVNAF HAVE MATURED INTO AN EFFECTIVE MILITARY MACHINE, INCREASINGLY CAPABLE OF HANDLING, SUCCESSFULLY, THE ENTIRE RANGE OF THE CAPABILITIES NOW POSSESSED BY NVA/VC FORCES ARRAYED AGAINST IT.
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 SAIGON 02867 01 OF 02 051006Z

THE POLES, HUNGARIANS AND HANOI FULLY RECOGNIZE THIS, EVEN IF WASHINGTON DOES NOT. GENERAL ABRAMS DID HIS JOB WELL, AND GENERAL MURRAY HAS HELPED THE RVNAF BEGIN THE SUCCESSFUL ADAPTATION TO LOGISTICALLY ABSORB THE ENHANCE AND ENHANCE PLUS EQUIPMENT DUMPED ON IT A YEAR AGO.

B. THE SMOOTH PASSAGE OF THE CONSITUTIONAL

AMENDMENTS WAS ONLY ONE ADDITION TO THE MASS OF EVIDENCE THAT THE SUPPORT OF PRESENT GOVERNMENT THOUGHOUT THE COUNTRY IS REAL, IS PERVASIVE, IS SOLIDLY BASED ON CONVICTION OF THE GREAT MAJORITY OF THE PEOPLE THAT THERE SHOULD BE NO IMMEDIATE CHANGE IN THE PRESENT STRUCTURE OR LEADERSHIP OF THE GOVERNMENT.

C. RECOGNIZING THIS FACT, THE LEADERSHIP HAS FELT CONFIDENT ENOUGH TO TAKE SEVERAL STEPS, OF WHICH THE RECENT CABINET RESHUFFLE IS THE LATEST, TO MODERNIZE, STREAMLINE, AND DECENTRALIZE THE DECISION MAKING TO THE LOWEST PRACTICAL LEVELS. WITH ALL ITS WARTS, AS IT EMERGES FROM TWO DECADES OF WAR AND DISRUPTION, IT IS AS EFFICIENT, IF NOT MORE SO, THAN ANY OTHER GOVERNMENT IN SOUTHEAST ASIA WITH THE OBVIOUS EXCEPTION OF SINGAPORE.

D. BASED ON THIS COUNTRY-WIDE STRENGTH AND ITS REORGANIZED AND IMPROVED STRUCTURE, THE GVN HAS HAD THE COURAGE TO FACE THE ECONOMIC CRISIS OF THE PAST YEAR WITHOUT RESORTING TO AUTARCHIAL MEASURES OF PANIC. RATHER IT HAS HAD THE GOOD SENSE TO DEPEND ON THE PLAY OF FREE MARKET FORCES AND THE PRICE MECHANISM OF A FREE ECONOMY TO TIGHTEN ITS BELT CONFIDENT THAT THE COUNTRY WILL UNDERSTAND AND SUPPORT THESE MEASURES. SAIGON'S 2822, QUOTING A STORY FROM SUNDAY'S SAIGON POST, IS INDICATIVE OF THE GENERAL GVN ATTITUDE -- CLEARLY RECONGIZING THE MAGNITUDE OF THE CURRENT ECONOMIC PROBLEM, RECOUNTING SOME OF THE MEASURES TAKEN TO MEET IT, EXPRESSING CALM DETERMINATION TO DO WHAT IS NECESSARY TO SURVIVE, AND OUTLINING THE GVN'S

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 SAIGON 02867 01 OF 02 051006Z

DECISIONS, AND THE BASIS FOR THOSE DECISIONS, WITH FULL PUBLICITY, THE ACTION OF A RESPONSIBLE, OPEN, RESPONSIVE REGIME.

NOTE BY OC/T: EXDIS CAPTION ADDED PER S/S-O - MR. NEWLIN.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 SAIGON 02867 02 OF 02 050959Z

15

ACTION SS-30

INFO OCT-01 ISO-00 SSO-00 (ISO) W

----- 119489

O 050800Z MAR 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 2304

INFO THE WHITE HOUSE IMMEDIATE

C O N F I D E N T I A L SECTION 2 OF 2 SAIGON 2867

EXDIS

6. I AM AWARE OF A LOT OF SHEER, NONSENSICAL COMMENTS NOW BEING BANDIED ABOUT WASHINGTON TO THE EFFECT THAT THE GVN JUST MUST ACCEPT THE FACT THAT IT MUST TIGHTEN ITS BELT. SUCH COMMENT SIMPLY IGNORES COMPLETELY THE COURAGEOUS MEASURES TAKEN HERE ALREADY. CONSIDER WHAT WAS REQUIRED TO RAISE THE PRICE OF GASOLINE FROM \$.40 TO OVER \$1.51 A GALLON IN ONE YEAR, OR TO RAISE TOTAL TAX COLLECTIONS BY 40 PERCENT IN A YEAR OF RECESSION AND UNEMPLOYMENT. THE EXAMPLES ARE ENDLESS. THE HARD, COLDLY DISPASSIONATE FACTS ARE THAT THE GVN HAS ALREADY COURAGEOUSLY TAKEN ABOUT ALL THE MEASURES THAT SENSIBLY CAN BE TAKEN IN THIS DIRECTION.

7. PERHAPS IT TAKES NON-AMERICANS TO PROVIDE THE DISPASSIONATE ANALYSIS NEEDED TO CUT THROUGH THE FOG. FOLLOWING IS AN EXCERPT FROM A MEMCON RECORDING A CONVERSATION BETWEEN GUNNAR THOMMASEN, RESPECTED IMF REPRESENTATIVE IN SAIGON, WITH AN AMERICAN EMBASSY OFFICIAL IN BANGKOK:

"THOMMASEN IS PARTICULARLY BITTER AGAINST THE U.S. CONGRESS AS WELL AS AGAINST OTHER FOREIGN DONORS TO VIET-NAM. HE CONTENDS THAT THE WORLD IS INDIFFERENT TO THE FATE OF SOUTHEAST ASIA, AND UNWILLING TO GIVE SOUTH VIET-NAM A CHANCE TO STRAIGHTEN ITSELF OUT ECONOMICALLY AFTER 30 YEARS OF WAR. HE SAYS CONGRESS IS SHORTCHANGING SOUTH VIET-NAM ON THE NAIVE ASSUMPTION THAT, AFTER A YEAR SINCE THE SIGNING OF THE PARIS AGREEMENTS, IT SHOULD BE ABLE TO STAND ON ITS OWN FEET."

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SAIGON 02867 02 OF 02 050959Z

8. ANOTHER NON-AMERICAN, PRIME MINISTER LEE KUAN YEW OF SINGAPORE, ONE OF THE MOST PERCEPTIVE AND ONE OF THE MOST INTERESTED OBSERVERS OF THE SOUTHEAST ASIA SCENE RECENTLY SAID IT EVEN MORE SUCCINCTLY TO THE NEW ASSISTANT SECRETARY OF STATE FOR EAST ASIA:

"THE TROUBLE WITH VIET-NAM IS IN WASHINGTON, NOT
IN VIET-NAM."

9. AND SO IT IS. IT HAS BEEN ALMOST A YEAR SINCE THE SAN
CLEMENTE MEETINGS WITH THE GVN LEADERSHIP. CERTAIN UNDER-
TAKINGS WERE GIVEN IN WHICH THEY PUT THEIR TRUST AND ON WHICH
THEY MADE THEIR ECONOMIC PROJECTIONS. THESE UNDERTAKINGS
REQUIRED THAT, IF THEY WERE TO BE FULFILLED, THE ADMINISTRATION
WOULD GO TO THE CONGRESS FOR AN AMOUNT IN EXCESS OF THAT
INCLUDED IN THE PRESIDENT'S BUDGET. THIS WAS NOT DONE,
ALTHOUGH THE NECESSITY TO DO SO WAS NEVER PRESENTED DIRECTLY
TO THE PRESIDENT. THIS YEAR WE FACE THE SAME PROBLEM. THE
\$850 MILLION FIGURE CAN BE COMPLETELY JUSTIFIED. WE SHOULD
NOT GO TO THE CONGRESS FOR ONE PENNY LESS AND I REQUEST THIS
QUESTION BE PRESENTED DIRECTLY TO THE PRESIDENT IF THERE IS
ANY DISPOSITION TO REDUCE IT.

10. IF WE ARE PREPARED TO FIGHT IN A COHERENT AND ORGANIZED
WAY, I AM COMPLETELY CONFIDENT THAT WE CAN GET ALMOST ALL OF
IT. IT WILL REQUIRE MORE AGGRESSIVENESS THAN WE HAVE HAD FOR
SOME TIME. IT WILL REQUIRE A DETERMINATION TO TAKE ON THE WELL-
ORGANIZED PROPAGANDA APPARATUS AND EXPOSE ITS GROSS DISTORTIONS
FOR WHAT THEY REALLY ARE: THE MOST BLATANT AND VICIOUS CAMPAIGN
TO DECEIVE THE CONGRESS AND THE AMERICAN PEOPLE THAT HAS BEEN
MOUNTED SINCE THE EARLY FIFTIES. AS SOLZHENITSYN POINTED OUT
IT WILL REQUIRE A GREATER DEGREE OF PERSONAL COURAGE THAN HAS
BEEN RECENTLY EVIDENT TO RISK PERSONAL ATTACKS FROM THE HANOI
PUPPETS. AND ABOVE ALL IT WILL REQUIRE THE INVESTMENT OF SHOE

LEATHER AND PERSONAL CONTACTS THAT SECRETARY SCHLESINGER HAS
SHOWN CAN BE ENORMOUSLY PRODUCTIVE IF TARGETED ON OUR REAL
FRIENDS AND THE IN-BETWEEN MEMBERS WHO ARE WILLING TO HELP
IF WE ASK. IT WILL ALSO REQUIRE OVERCOMING THE TENDENCY OF THE
BUREAUCRACY TO BE PARALYZED BY THE PASSION TO BE "CREDIBLE"
AND "APOLOGETIC" TO THE CRITICS ON THE HILL BEING MANIPULATED
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 SAIGON 02867 02 OF 02 050959Z

BY THE NETWORK OF HANOI PUPPETS.

11. FORTUNATELY, WE HAVE A NEW SECRETARY OF STATE, A NEW
ADMINISTRATOR OF AID, A NEW ASSISTANT SECRETARY FOR EAST
ASIA, AND A NEW ASSISTANT SECRETARY FOR CONGRESSIONAL
RELATIONS -- ALL MEN OF PRESTIGE, COURAGE, EXTRAORDINARY
ABILITY, AND PERSUASIVENESS. GIVEN ESSENTIAL WHITE HOUSE
SUPPORT AND EMPHASIS ON THE PRIORITY THIS EFFORT MUST RECEIVE,
THEY WILL FIND ENOUGH SUPPORTERS IN THE STATE AND AID
BUREAUCRACIES, WHO HAVE ONLY BEEN WAITING FOR THIS KIND
OF LEADERSHIP, TO PROVIDE A SUPERB BACKSTOPPING TO THE
PRINCIPALS WHO MUST BE ACTIVELY ENGAGED.

12. THE FIRST CRUCIAL DECISION MUST BE TO GO AHEAD IMMEDIATELY WITH THE PRESENTATION TO THE CONGRESS OF THE \$850 MILLION FIGURE. THE PSYCHOLOGICAL IMPORTANCE OF DOING THIS SIMPLY CANNOT BE OVERESTIMATED -- TO THE VIETNAMESE, TO OUR OWN SUPPORTERS IN THE CONGRESS, AND, ABOVE ALL, TO OTHER PROSPECTIVE DONOR NATIONS. MY GERMAN, FRENCH AND JAPANESE COLLEAGUES HERE ALL INDICATE THAT JUST OUR PRESENTATION OF THIS FIGURE WOULD HAVE A GALVANIZING EFFECT ON THEIR OWN GOVERNMENTS.

13. IN SHORT, LEE KUAN YEW WAS DEAD RIGHT. WASHINGTON IS WHERE THE TROUBLE IS - NOT VIET-NAM. I DO NOT MINIMIZE THE DIFFICULTIES, BUT I REGARD THE ACHIEVEMENT OF THE GOAL AS A PERFECTLY FEASIBLE ONE - ASSUMING, AS I DO, THAT THE NEW TEAM IN WASHINGTON HAS THE GUTS AND THE SAME CAPACITY FOR PLAIN HARD WORK AS CURRENTLY IS IN EVIDENCE IN SAIGON.

14. GIVEN THE IMPORTANCE OF THE STAKES - NOTHING LESS WILL DO. MARTIN

NOTE BY OC/T: EXDIS CAPTION ADDED PER S/S-O - MR. NEWLIN.

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: VS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 MAR 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: WorrelSW
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SAIGON02867
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: N/A
Film Number: n/a
From: SAIGON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740365/aaaacisw.tel
Line Count: 297
Locator: TEXT ON-LINE
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: WorrelSW
Review Comment: n/a
Review Content Flags:
Review Date: 22 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 APR 2002 by ifshinsr>; APPROVED <30-Sep-2002 by WorrelSW>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: VIETNAMESE ECONOMIC SITUATION AND AID REQUIREMENTS
TAGS: EAID
To: SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005